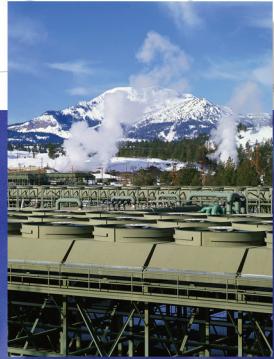


# ENVIRONMENTAL EXPORTS PROGRAM



*"Ex-Im Bank financing helps U.S. environmental companies grow and compete. Our financing solutions not only create and sustain U.S. high technology jobs but also help foreign buyers around the world address environmental concerns."*

Linda Conlin  
Member of the Board of Directors  
Export-Import Bank of the United States



**EXPORT-IMPORT BANK  
*of the* UNITED STATES**

# Financing U.S. Environmental Exports



Ex-Im Bank created its Environmental Exports Program in 1994 as a means to increase its support of U.S. exports of environmentally beneficial goods and services. Since the program's inception in 1994, environmental transactions supported by the Bank have grown significantly, with a total portfolio well in excess of \$2 billion.

Ex-Im Bank's Environmental Exports Program includes a pro-active business development approach and special financing enhancements for environmental exports, including support for the maximum allowable repayment terms permissible under Organization for Economic Cooperation and Development (OECD) guidelines; capitalization of interest during construction; and local cost support equal to 15 percent of the U.S. contract price. Ex-Im Bank is committed to protecting the global environment.

## 15-Year Repayment Terms for Renewable Energy and Water Supply and Sanitation

Ex-Im Bank's Environmental Exports Program now offers up to 15-year repayment terms for U.S. exports of technologies and services in most renewable energy sectors and projects related to the supply of water for human use and wastewater treatment. The potential for 15-year financing improves the economics of any project relating to clean energy or clean water. The enhanced financing facilitates more environmentally beneficial projects and ultimately benefits U.S. manufacturers and service providers in these industries. For a list of applicable sectors please visit our website at [www.exim.gov](http://www.exim.gov).

## New Markets for U.S. Environmental Businesses

Ex-Im Bank helps U.S. exporters of emerging technologies and services to access emerging markets. New markets are expanding with increasing global focus on sustainable development and more stringent environmental standards. These markets often carry a certain risk. Whether it be for a geothermal plant in the Philippines or a water purification system in the Ukraine, Ex-Im Bank is a dependable partner for U.S. companies and their customers.

## Sub-Sovereign Credit

Ex-Im Bank will accept the credit of qualified cities, states and other sub-sovereign governments in emerging markets for the purchase of U.S. equipment and services to address vital infrastructure needs. Ex-Im Bank will consider accepting the credit of sub-sovereign governments whose foreign currency debts are not in default and which are rated B/B2 or stronger by an accepted global credit-rating agency. On a case-by-case basis, Ex-Im Bank will also consider financing U.S. exports to municipalities that are not rated.

## Short-Term Customer Financing

The ability to offer financing or credit terms is often the most critical element in competing for and winning export sales. Increasingly, foreign buyers expect the U.S. supplier to offer "open account" or unsecured credit terms rather than require letters of credit, which may be expensive, or cash in advance. U.S. environmental exporters worry less about these concerns with Ex-Im Bank's environmental financing.

Ex-Im Bank's Small Business Export Credit Insurance Policy insures against commercial



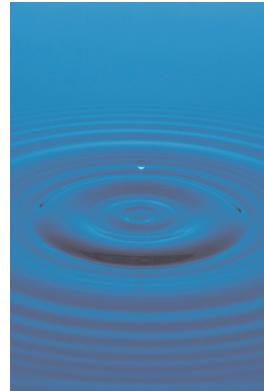
and political risks that enables U.S. environmental exporters to offer open-account financing to their international customers. Ex-Im Bank insures 95 percent of the credit if the foreign buyer cannot pay for commercial reasons, such as bankruptcy, and 100 percent, if the foreign buyer cannot pay due to political reasons, such as war. The premium paid for the insurance depends on the amount of the credit, the term of the credit and the type of buyer.

## Medium- and Long-Term Financing

Ex-Im Bank provides loan guarantees that carry the full faith and credit of the U.S. government to lenders located anywhere in the world where Ex-Im Bank is open to do business. Ex-Im Bank's loan guarantee covers 100 percent of principal and accrued interest on any amount. The total level of Ex-Im Bank support will be the lesser of 85 percent of the value of all eligible goods and services in the U.S. supply contract or 100 percent of the U.S. content in all eligible goods and services in the U.S. supply contract.

Under its long-term loans and guarantees, Ex-Im Bank offers the following key enhancements for environmentally beneficial projects:

### Foreign Buyer Financing



**Nacional Financiera (Nafin)** is a Mexican government development bank that is also a qualified lender under Ex-Im Bank's Master Guarantee Program. Nafin used Ex-Im Bank's loan guarantee to finance the purchase by Industrias Islas S.A. of Nuevo Leon of an ultrafiltration water treatment system from A2 Water Process Solutions, Inc. of Gregory, Texas.

Nafin provided a seven-year loan term at a very attractive rate of interest to support the sale of the \$352,150 system, and a second seven-year loan tranche of \$52,823 to finance the 15 percent local costs that included software and mechanical and hydraulic infrastructure for the installation of the system.

- **Maximum allowable repayment terms permissible under the OECD guidelines including a 10-to-15 year repayment term with payments beginning 6 months after completion of the project;**
- **Capitalization of interest during construction, which means no payments are due until six months after completion of the project; and**
- **Local cost coverage equal to 15 percent of the U.S. contract price.**

### Working Capital Financing for U.S. Small Businesses

Lack of working capital is one of the biggest barriers facing U.S. small business

trying to produce goods or provide a service for export. Despite their creditworthiness, these exporters sometimes find their local bank is reluctant to make such financing available to them. Ex-Im Bank's working capital guarantee enables commercial lenders to make working capital loans to U.S. environmental exporters for various export-related activities by substantially reducing the risks associated with these loans. The exporter may use the product to purchase raw materials and finished goods for export; to pay for materials, labor and overhead to produce goods for export; and to cover stand-by letters of credit, and bid and performance bonds.



**Southwest Windpower Inc.** is a small business manufacturer of battery-charging wind-powered generators based in Flagstaff, Ariz. Southwest Windpower has used Ex-Im Bank's environmental export credit insurance since 1996 to sell its products to small foreign distributors in developing markets, including Brazil, Turkey, India, and South Africa. Ex-Im Bank's insurance enables the company to offer its foreign buyers open-account terms, which enables buyers to place larger orders.

"The results have been tremendous," Andrew Kruse, vice president of Southwest Windpower said. "Last year, more than 50 percent of our revenues came from export sales. Our products are sold in more than 50 countries. Ex-Im Bank is a strategic partner in expanding our export sales."



**PowerLight Corporation** of Berkeley, Calif., a small business manufacturer and supplier of large-scale solar electric systems, recently used a \$5 million working capital line of credit guaranteed by Ex-Im Bank to export its innovative solar tracking technology to Bavaria Solarpark, the world's largest solar photovoltaic project located on 30 acres of farmland in Bavaria, Germany. PowerLight obtained Ex-Im Bank's working capital guarantee through an Ex-Im Bank delegated authority lender, Union Bank of California.

"Ex-Im Bank's working capital guarantee was instrumental in helping PowerLight get the project properly financed for a successful operation. We were able to obtain better terms from our lender with Ex-Im Bank's guarantee," said PowerLight's Chief Financial Officer Jani Janakiraman. "Additionally, Union Bank's expertise with Ex-Im Bank's working capital guarantee produced a competitive solution to a complex export transaction within the project completion schedule."



**Evergreen Solar Inc.** of Marlboro, Mass., is a manufacturer of photovoltaic modules for commercial and residential purposes that uses Ex-Im Bank's working capital guarantee for \$5 million to support its growing sales, especially in Germany. Evergreen received Ex-Im Bank's working capital guarantee through an Ex-Im Bank delegated authority lender Silicon Valley Bank, Calif.

"Right now, our sales are expanding rapidly throughout the world, particularly in Germany. We were eligible for Ex-Im Bank's working capital guarantee because a portion of our sales is generated in Germany and throughout Europe. Ex-Im Bank's guarantee provided attractive financing to enable us to increase our working capital to meet demand for our products and to support our ongoing expansion plans," said Evergreen Solar Controller Mark Fidler.

# Success Stories



**Environmental Dynamics Inc. (EDI)** of Columbia, Mo, a manufacturer of advanced water and wastewater treatment technologies, has used Ex-Im Bank's short-term insurance to offer financing to their foreign customers with repayment terms ranging from 60 to 360 days. This financing has dramatically increased EDI's international sales.

"Ex-Im Bank's insurance enables EDI to offer competitive credit terms to a larger customer base while minimizing foreign risk," said EDI President Charles E. Tharp. "Our increased sales and employment demonstrate the effectiveness of the Ex-Im Bank program."

**Kimre, Inc.** of Miami Fla., is a small business manufacturer of air pollution control filters using Ex-Im Bank's short-term insurance to expand their export sales. With Ex-Im Bank's insurance, Kimre, Inc. is able to offer 60-day, open-account credit to customers in Europe and throughout the world.



According to Kimre Controller Elizabeth Mosca, "Ex-Im Bank's insurance has provided us with two important benefits. First, the insurance enables us to offer open-account credit to our foreign customers. This replaces payment by letters of credit that are both expensive and time-consuming. Second, having Ex-Im Bank insure on our foreign receivables has enabled our bank to increase credit lines, which we needed to grow our business."



**EXPORT-IMPORT BANK  
of the UNITED STATES**

Craig S. O'Connor  
Program Manager - Environmental Exports  
Export-Import Bank  
811 Vermont Avenue, NW  
Washington, DC 20571

Tel: 202.565.3556  
Fax: 202.565.3930  
E-mail: craig.oconnor@exim.gov

Tel: 800.565.3946 (EXIM)  
Tel: 202.565.3946 (EXIM)  
Fax: 202.565.3839  
TDD: 202.565.3377  
E-mail: info@exim.gov  
[www.exim.gov](http://www.exim.gov)

June 21, 2005